

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JAMES E. ADAIR)	
)	
)	
VS.)	CASE NO. 91-189
)	
NORTH MARSHALL WATER DISTRICT)	
)	
DEFENDANT)	

O R D E R

North Marshall Water District ("North Marshall") is a water district organized pursuant to the provisions of KRS Chapter 74 and is therefore a public utility subject to Commission jurisdiction.

On July 2, 1991, James E. Adair filed a complaint against North Marshall alleging that North Marshall permitted a customer, V. A. "Volney" Harriman to purchase and resell water to individuals in violation of its tariff. The complaint further requests that North Marshall assume the water line, extend service to James Adair, and require persons purchasing water to have individual meters.

North Marshall filed a response on August 26, 1991 stating that it does not have factual information sufficient to prove that Volney Harriman is reselling water.

Pursuant to the Commission's Order, Volney Harriman filed a response on October 21, 1991. Mr. Harriman admitted that he

allowed two families to connect to his line but further stated that he was unaware of rules prohibiting the extension of private water lines from an installed meter.

Commission Staff has submitted to the Commission an Unauthorized Utility Investigation Report dated August 15, 1991, attached hereto as Appendix A.

The Commission HEREBY ORDERS that:


1. North Marshall shall appear before the Commission on Thursday, February 6, 1992, at 1:30 p.m., Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, for the purpose of presenting evidence on why it should not be ordered to extend service to the Complainant, James Adair, and to individuals currently purchasing water from V.A. "Volney" Harriman.

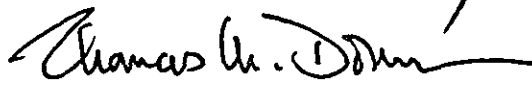
2. Notice of this proceeding shall be given to V. A. "Volney" Harriman, Earl Matthews, Mike Carr, and Randall Laszewski.

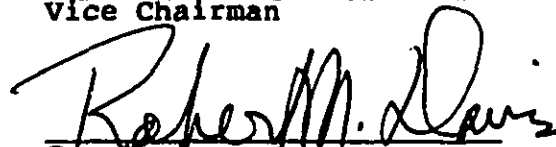
3. The Unauthorized Utility Investigation Report is made a part of the record of this case.

Done at Frankfort, Kentucky, this 8th day of January, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 91-189 DATED 1/08/92

Commonwealth of Kentucky
Public Service Commission

UNAUTHORIZED UTILITY INVESTIGATION REPORT

Volney Harriman Water System
Marshall County, Kentucky

On August 6, 1991, an investigation was made of the Adair Road area, Marshall County, Kentucky, as a result of correspondence received by the Consumers Services Section of the Public Service Commission. This investigation was in regard to the possibility of either Volney Harriman Water System ("Harriman Water") becoming a utility under the authority of the Public Service Commission or having North Marshall Water District ("North Marshall") take over the operation and maintenance of Harriman Water. This investigation was conducted by K. Michael Newton of the Commission staff with information provided by Larry C. Brannon, general manager of North Marshall and Volney Harriman.

Investigation

Commission staff talked to Larry C. Brannon and Volney Harriman about this water system. Larry Brannon stated Volney Harriman has been a customer of North Marshall since 1976. Volney Harriman says the water system evolved after he and Earl Matthews purchased land from James Adair 15 years ago. The only access to this property was a small dirt road easement which ran adjacent to Adair's property. Volney Harriman had no water on this property, so he hired a contractor to drill a well. He states the contractor hit solid bedrock approximately 150 feet down and broke his drill bit. The contractor refused to attempt to drill any

further so Volney Harriman contacted North Marshall about receiving water service. Volney Harriman states North Marshall could not construct a water line back to his property because North Marshall told him his access road was not a county road.

Volney Harriman and Earl Matthews decided they would construct the water line themselves from Greggstown Road back to their property adjoining the access road. Volney Harriman states he and Earl Matthews both put up \$1,000 each for this construction. The water line was purchased from North Marshall for this construction. A 1 1/2-inch water meter was set beside Greggstown Road by North Marshall and customer service was placed in Volney Harriman's name.

Harriman Water purchases approximately 30,000 gallons of water from North Marshall each month. Currently, Harriman Water has 4 customers; Volney Harriman, Earl Matthews, Mike Carr and Randall Laszewski. Mike Carr and Randall Laszewski both have water meters. Volney Harriman and Earl Matthews are unmetered. Volney Harriman states he bills Carr and Laszewski in accordance with North Marshall's rate schedule and the amount of water they use. The amount of North Marshall's water bill exceeding what Carr and Laszewski use is divided equally among Harriman and Matthews. Volney Harriman states no written water bills are sent. He calculates the customers bill and tells each one what their bill is. Volney Harriman does not collect any salary for this nor does he keep a separate bank account on customers payments.

Harriman Water consists of a 1 1/2-inch master meter and approximately 2,000 feet of 2-inch P.V.C. water line. There is no blow-off valve at the dead-end of this water main. The average water pressure for the distribution system is between 45 and 50 psig. Only two customers are individually metered. The water line was originally constructed at a minimum depth of 28 inches, however the county has since regraded and paved the access road, now called Adair Road, so the minimum depth of the water line has changed according to Volney Harriman.

Volney Harriman is not a certified distribution operator as required by the Natural Resources and Environmental Protection Cabinet's Division of Water. In addition, he has never taken or submitted water samples to the Division of Water for testing.

Volney Harriman states he would like to have North Marshall takeover the operation and maintenance of Harriman Water. Mr. Harriman goes on to say he is retired and "getting up in years" so if North Marshall took it over it would relieve him from reading the meters and repairing any leaks.

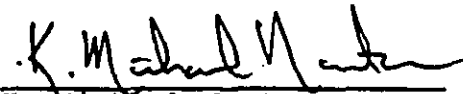
A map showing the location of Harriman Water and North Marshall's distribution water mains are included in this report.

Conclusions

This investigation by a staff member of the PSC's division of engineering concludes that Harriman Water should be considered owning and distributing water to the public for compensation.

Accordingly, and as defined in KRS 278.010(3)(d); Harriman Water would be considered a utility and should be subject to the jurisdiction of the Public Service Commission. This matter should be referred to the General Counsel's office for its review.

Submitted,
August 15, 1991



K. Michael Newton
Utility Investigator

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Marshall County

